

Message Text

UNCLASSIFIED

PAGE 01 BONN 19931 01 OF 02 012314Z

ACTION EUR-12

INFO OCT-01 AF-10 ARA-14 NEA-10 ISO-00 CIAE-00 DODE-00

PM-05 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02

PRS-01 SP-02 SS-15 USIA-15 IO-14 ACDA-12 NRC-07

OES-07 NASA-02 ERDA-07 AID-05 COME-00 EB-08

FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01 OMB-01 /183 W

-----024719 012351Z /75

R 011601Z DEC 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3606

INFO DEPARTMENT TREASURY

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY PRETORIA

AMEMBASSY TEHRAN

AMEMBASSY BUENOS AIRES

UNCLAS SECTION 01 OF 02 BONN 19931

USEEC

DEPARTMENT PASS EXIM BANK

E.O. 11652: N/A

TAGS: ECON, EFIN, GW, IR, SF

SUBJECT: CABINET DECISIONS ON EXPORT GUARANTEES

REF: (A) BONN 19498, (B) BONN 11538, (C) BONN 02580

1. SUMMARY -- IN A SESSION YESTERDAY AFTERNOON, FRG
CABINET MEMBERS OFFICIALLY LOWERED THE PER PROJECT
EXPORT CREDIT GUARANTEE LIMIT FOR SOUTH AFRICA, APPROVED
IN PRINCIPLE A GOVERNMENT GUARANTEE ON THE SALE OF FOUR
NUCLEAR POWER PLANTS TO IRAN AND APPROVED AN EXPORT
CREDIT GUARANTEE TO COVER THE SALE OF A SUBMARINE TO
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 19931 01 OF 02 012314Z

ARGENTINE. END SUMMARY.

2. DURING A PRESS CONFERENCE FOLLOWING THE CABINET
SESSION PRESS SPOKESMAN GRUENEWALD CONFIRMED THAT THE
FRG WOULD, AS A GENERAL RULE, HENCEFORTH PROVIDE EXPORT
CREDIT GUARANTEES TO SOUTH AFRICA UP TO A MAXIMUM AMOUNT
PER PROJECT OF DM 50.0 MILLION, THEREBY HALVING THE

PREVIOUS LIMIT. EXCEPTIONS MIGHT BE PERMITTED, HE SAID,
IF THE PROJECT INVOLVED WAS CONSIDERED TO HAVE
SIGNIFICANT EMPLOYMENT EFFECTS FOR THE GERMAN ECONOMY.
HE INDICATED, HOWEVER, THAT PRESENTLY THERE WERE NO
TRANSACTIONS IN THE PIPELINE WHICH WOULD REQUIRE A
GOVERNMENT GUARANTEE OF MORE THAN DM 50 MILLION.
CABINET MEMBERS ALSO REITERATED THAT THERE WOULD BE
NO ARMS SALES TO SOUTH AFRICA AND THAT EXPORTERS
APPLYING FOR GOVERNMENT COVER WOULD HAVE TO SUPPLY A
WRITTEN STATEMENT TO THE EFFECT THAT TO THEIR KNOWLEDGE
GOODS EXPORTED TO SOUTH AFRICA WOULD NOT BE REEXPORTED
TO RHODESIA. FURTHER, THE CABINET ANNOUNCED EXPORTERS
WITH SUBSIDIARIES IN SOUTH AFRICA WOULD HAVE TO COMPLY
WITH THE EC CODE OF CONDUCT WITH REGARD

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BONN 19931 02 OF 02 012333Z
ACTION EUR-12

INFO OCT-01 AF-10 ARA-14 NEA-10 ISO-00 CIAE-00 DODE-00
PM-05 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02
PRS-01 SP-02 SS-15 USIA-15 IO-14 ACDA-12 NRC-07
OES-07 NASA-02 ERDA-07 AID-05 COME-00 EB-08
FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01 OMB-01 /183 W
-----024881 012351Z /75

R 011601Z DEC 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 3607
INFO DEPARTMENT TREASURY
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY PRETORIA
AMEMBASSY TEHRAN
AMEMBASSY BUENOS AIRES

UNCLAS SECTION 02 OF 02 BONN 19931

TO SOUTH AFRICA. APPARENTLY, THERE WAS NO SPECIFIC
DECISION LIMITING THE MATURITY OF CREDIT WHICH COULD
BE GUARANTEED AS HAD BEEN SPECULATED IN RECENT PRESS

REPORTS. HOWEVER, IT WAS IMPLIED THAT LONGER-TERM CREDITS WOULD BE EVALUATED VERY CLOSELY. AS OF NOVEMBER 2, OUTSTANDING EXPOSURE IN SOUTH AFRICA RESULTING FROM THE GOVERNMENT GUARANTEE PROGRAM AMOUNTED TO DM 3.36 BILLION, GRUENEWALD REVEALED.

3. CONCERNING IRAN, WHICH HAS ORDERED FOUR ADDITIONAL NUCLEAR POWER PLANTS FROM THE FRG TO SUPPLEMENT THE TWO ALREADY UNDER CONSTRUCTION, THE CABINET AGREED IN PRINCIPLE TO PROVIDE GUARANTEES TO COVER THE FINANCING. TOTAL VALUE OF THE EXPORTS IS EXPECTED TO UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 19931 02 OF 02 012333Z

BE BETWEEN DM 19.0 AND DM 20.0 BILLION. THIS IS CONDITIONED, GRUENEWALD REPORTED, ON IRAN'S ADHERENCE TO GUARANTEES FOR COOPERATION FOR THE PEACEFUL USE OF NUCLEAR POWER. GRUENEWALD DISTINGUISHED BETWEEN THESE SALES AND THE SALES TO BRAZIL SINCE THERE IS NO RECYCLING FACILITY INVOLVED IN THE IRANIAN CASE.

4. APPROVAL OF THE GOVERNMENT GUARANTEE ON THE SALE OF A SUBMARINE (VALUE: DM 339 MILLION) TO ARGENTINA WAS APPARENTLY PRIMARILY INFLUENCED BY THE HIGH UNEMPLOYMENT IN THE SHIPBUILDING INDUSTRY, AND PARTICULARLY IN EMDEN WHERE THE SUPPLYING FIRM (THYSEN-WERF NORDSEEWERKE) IS LOCATED. THE MATURITY OF THE CREDIT WILL REPORTEDLY BE FIVE YEARS. THIS REPRESENTS YET ANOTHER BREAK IN THE GOVERNMENT'S OFFICIAL POLICY NOT TO GUARANTEE THE FINANCING OF ARMS SALES TO NON-NATO COUNTRIES. EARLIER THIS YEAR (REF C) THE FRG AUTHORIZED A GOVERNMENT GUARANTEE ON THE SALE OF A SUBMARINE TO INDONESIA WHICH AT THE TIME WAS TOUTED AS AN EXCEPTIONAL "ONE-TIME" DEAL. ACCORDING TO AN ARTICLE IN THE NOVEMBER 28 EDITION OF "DER SPIEGEL", THE FINANCE MINISTRY HAD OPPOSED THE GUARANTEE THUS RAISING THE DECISION TO THE CABINET LEVEL. STOESEL

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CABINET, EXPORTS, POLICIES
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN19931
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770446-0610
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197712106/aaaadmfo.tel
Line Count: 157
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 63fecefb-c188-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 BONN 19498, 77 BONN 11538, 77 BONN 2580
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 115498
Secure: OPEN
Status: NATIVE
Subject: CABINET DECISIONS ON EXPORT GUARANTEES
TAGS: ECON, EFIN, GE, IR, SF
To: STATE USEEC
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/63fecefb-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009